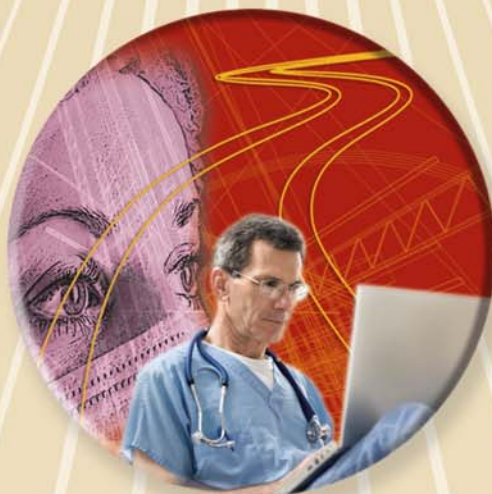


WHAT'S THE MOST RATIONAL AND SUSTAINABLE PATHWAY
to a new health care payment system?



PROMETHEUS
PAYMENT[®]

Igniting Payment Reform

Health Care Incentives Improvement Institute, Inc.



REWARDING EXCELLENCE, CONTROLLING COSTS:
a realistic blueprint for fundamental change.

Everyone knows the U.S. must transform the way it pays for health care. The question, of course, is how. We believe PROMETHEUS Payment® is the model that best addresses the full range of issues that can drive profound long-term, system-wide improvements. This model:

- Compensates providers fairly—and rewards excellence by allowing top performers to earn more.
- Offers direct and powerful incentives for providers to deliver greater value and better outcomes.
- Encourages caregivers to work in teams, share information, and take collective responsibility for a patient's health.
- Provides a realistic framework to transform today's fragmented and inefficient system into one that is far more integrated and accountable. Here's a closer look.

What are the goals of PROMETHEUS Payment®?

There are four key objectives: Improve quality for patients. Reduce administrative burdens for providers and plans. Pay fairly. And generate transparent information to spur continuous, measurable improvements.

What does the PROMETHEUS model do?

It packages payment around a comprehensive episode of medical care that covers all patient services related to a single illness or condition.

How does it determine which services will be covered for an episode of care?

Covered services are based on commonly accepted clinical guidelines or expert opinions that define the best methods for treating a given condition from beginning to end.

How are costs of treatments calculated?

The prices of all treatments are tallied to generate an Evidence-informed Case Rate™ (ECR). This creates a budget for the entire care episode. ECRs include all covered services bundled across all providers that would typically treat a patient for the given condition (hospital, physicians, laboratory, pharmacy, rehabilitation facility, etc.).

Is the ECR the same for every patient with a given condition?

No, the ECR is adjusted for the severity and complexity of each patient's condition.

How does PROMETHEUS determine the relevant costs of a specific episode?

The model separates out two types of risk.

- **Probability Risk:** These are risks outside the provider's control, assumed by the insurer.
- **Technical Risk:** These are risks within a provider's control, and therefore assumed by the provider. These include potentially avoidable complications (PACs) and other variations. Key point: providers are only held accountable for variables they can control.

What is the importance of PACs?

PACs are deficiencies in care that cause harm to the patient, and might have been prevented with more effective treatment. An example is when a patient with diabetes needs an amputation because of uncontrolled blood sugar. We have found that up to 40 cents of each dollar spent on chronic conditions, and up to 20 cents of each dollar spent on acute hospitalizations and procedures, are because of PACs.

PROMETHEUS

creates an environment where doing the right things for patients helps providers and insurers do well financially. And it does this without introducing new costs or administrative burdens, or changing the way patients access care.

How does PROMETHEUS incent providers to reduce PACs?

Very directly. A substantial PAC allowance is included in each ECR. If complications occur, this allowance is used to offset costs of corrective treatment. But if providers reduce or eliminate PACs, they keep the entire allowance as a bonus.

Can PROMETHEUS improve margins for physicians?

Yes. Most physicians today—particularly specialists—are facing reduced fee schedules. PROMETHEUS relieves this pressure by tying bonus opportunities to PAC reductions. Physicians continue to get paid under their current negotiated fee schedules. Then, if they manage patients well and minimize PACs, they can potentially earn bonus payments as well. All claims are applied against the ECR for each patient, and any difference between actual costs and budgeted costs is distributed to providers.

How else does this model promote good patient outcomes?

PROMETHEUS includes additional incentives to reward provider performance on clinical process, outcomes of care, and patient experience. Based on these measures, payment is re-distributed and shared by all parties. In this way, providers are compensated for the quality of care they collectively deliver, not the number of tests or procedures they perform.

Does PROMETHEUS support the concept of the patient-centered medical home?

Yes, emphatically. The medical home model encourages primary care physicians to assume a central role in care delivery, and promotes ideas like clinical care coordination, adherence to evidence-based measures and avoidance of unnecessary hospitalizations. Because these principles inform PROMETHEUS as well, it's an ideal system to support the creation and sustainability of medical homes.

What other benefits does PROMETHEUS offer?

The program uses medical records, claims data, and other data to measure the quality of care delivered to patients. In doing so, it provides access to a wealth of sophisticated information, which you can use to compare your performance to established industry baselines and work step by step to improve it.

Who created PROMETHEUS?

It was developed by Health Care Incentives Improvement Institute, Inc., a non-profit organization best known for its Bridges to Excellence quality care incentive programs. Those programs have provided much of the data needed to design the PROMETHEUS model. In addition, development and pilot programs have been supported by grants from the Robert Wood Johnson Foundation, the Commonwealth Fund, the New York State Health Foundation and the Colorado Health Foundation.

*PROMETHEUS
removes incentives
to perform more
tests and procedures,
aligns incentives
with proven
treatment patterns,
and compensates
providers for quality,
not quantity.*



*PROMETHEUS
encourages
collaboration and
shared accountability;
each provider's
compensation is
based, in part, on
how well other
caregivers perform.*

PROMETHEUS in Practice



John, a 63-year-old white man with chest pain and a history of unstable angina, is admitted to a teaching hospital. John also has hypertension and diabetes. Here's how it would play out under PROMETHEUS vs. today's fee-for-service approach.



- John is taken to the cardiac catheterization laboratory, where coronary angiography reveals severe triple-vessel disease as well as 60% stenosis of the left main coronary artery.
- A left ventriculogram shows mitral regurgitation (grade 2 to 3) with papillary muscle dysfunction. John is then taken urgently to the operating room, where he receives two venousgrafts and a left-internal-thoracic-artery graft.
- In addition, a mitral-valve reconstruction procedure is performed to correct the mitral regurgitation. The surgery is a success, and John returns to the intensive care unit in stable condition.
- However, John's blood sugar is out of control, and he requires an insulin drip. His stay in the intensive care unit is prolonged by 2 days, and he must stay another day in the step-down unit.
- John is discharged 8 days after surgery in stable condition. One week after discharge, he is readmitted for a wound infection in his leg from the vein harvest site. He requires wound débridement and a course of antibiotics.



UNDER FEE-FOR-SERVICE PAYMENT:

- The hospital receives \$47,500 for the bypass surgery.
- The surgeon and physicians receive \$15,000 for the procedure.
- The extended hospital stay caused by the uncontrolled diabetes results in an extra \$12,000 for the hospital and \$2,000 for the surgeon and physicians.
- The readmission costs total \$25,000.

GRAND TOTAL: \$101,500

UNDER PROMETHEUS:

- The case-payment rate for this patient includes a severity-adjusted budget for typical costs of \$61,000 for the hospital and \$13,000 for the surgeon and physicians.
- The severity-adjusted allowance for PACs is \$15,300.

TOTAL BUDGET: \$89,300

POTENTIAL COST SAVINGS: \$12,200

Had the readmission been prevented, the hospital, surgeon and physicians would effectively have earned a bonus of \$12,800 ($\$101,500 - \$25,000 = \$76,500$, which is \$12,800 under the PROMETHEUS budget).

For more information, please visit www.PrometheusPayment.org.



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